

§316.3

authorized issuing agent received payment therefor and duly inscribed, dated and imprinted validation indicia on the bond.

(d) *Term.* A Series E bond was dated as of the first day of the month in which payment of the purchase price was received by an agent authorized to issue the bonds. This date is the issue date. The bonds mature as shown in §316.8. The bond may not be called for redemption by the Secretary of the Treasury prior to maturity or the end of any extended maturity period (see paragraph (a) of §316.8). The bond may be redeemed at the owner's option at any time at fixed redemption values.

(e) *Investment yield (interest).* The investment yield (interest) on Series E bonds is defined in paragraphs (c) and (d) of §316.8. Beginning in the third month from its issue date, a bond increased in redemption value on the first day of each month, up to and including the thirtieth month from issue date, so as to provide for such period an investment yield of no less than 4 percent per annum, compounded semi-annually. Thereafter, its redemption value increases at the beginning of each successive half-year period. The interest is paid as part of the redemption value.

§316.3 Governing regulations.

Series E bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds of Series A, B, C, D, E, F, G, H, J and K, contained in 31 CFR part 315, also published as Department of the Treasury Circular No. 530, current revision.²

[57 FR 14276, Apr. 17, 1992, as amended at 59 FR 10535, Mar. 4, 1994]

§316.4 Registration.

Series E bonds were permitted to be registered as set forth in subpart B of 31 CFR part 315, also published as Department of the Treasury Circular No. 530, current revision.

²Copies may be obtained from any designated Federal Reserve Bank or Branch or the Bureau of the Public Debt, 200 Third Street, Parkersburg, WV 26106-1328.

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§316.5 Limitation on holdings.

(a) *General limitation.* The amount of Series E bonds, originally issued during any one calendar year, that could be held by any one person, computed in accordance with the governing regulations, ranged from \$5,000 (face amount) to \$20,000 (face amount), depending upon the issue date.

(b) *Special limitation for employee savings plans.* A special limitation for employee savings plans was provided, which was \$2,000 (face amount) multiplied by the highest number of participants in any employee savings plan, as defined in paragraph (b)(1) of this section, at any time during the year in which the bonds were issued. The plan had to be established, as set forth below.

(1) *Definition of plan and conditions of eligibility.* (i) The employee savings plan must have been established by the employer for the exclusive and irrevocable benefit of employees or their beneficiaries, afforded employees the means of making regular savings from their wages through payroll deduction, and provided for employer contributions to be added to such savings.

(ii) The entire assets thereof must have been credited to the individual accounts of participating employees and the assets so credited could be distributed only to the employees or their beneficiaries, except as otherwise provided herein.

(iii) Series E bonds were to be purchased only with assets credited to the accounts of participating employees and only if the amount taken from any account at any time for that purpose was equal to the purchase price of a bond or bonds in an authorized denomination or denominations, and shares therein were credited to the accounts of the individuals from whom the purchase price thereof was derived, in amounts corresponding with such shares. For example, if \$37.50 credited to the account of John Jones was commingled with funds credited to the accounts of other employees to make a total of \$7,500, with which a Series E bond in the denomination of \$10,000 (face amount) was purchased in December 1978 and registered in the name and title of the trustee, the plan must have provided, in effect, that John Jones'

account would be credited to show that he was the owner of a Series E bond in the denomination of \$50 (face amount) bearing the issue date of December 1, 1978.

(iv) Each participating employee has an irrevocable right at any time to demand and receive from the trustee all assets credited to his or her account or the value thereof, if he or she so prefers, without regard to any condition other than the loss or suspension of the privilege of participating further in the plan. However, a plan was not deemed to be inconsistent herewith if it limited or modified the exercise of any such right by providing that the employer's contribution did not vest absolutely until the employee had made contributions under the plan in each of not more than 60 calendar months succeeding the month for which the employer's contribution was made.

(v) Upon the death of an employee, his or her beneficiary has the absolute and unconditional right to demand and receive from the trustee all assets credited to the account of the employee, or the value thereof, if he or she so prefers.

(vi) When settlement is made with an employee, or his or her beneficiary, with respect to any bond registered in the name and title of the trustee in which the employee has a share (see paragraphs (b)(1) (ii) and (iii) of this section), the bond must be submitted for redemption or reissue to the extent of such share. If an employee or his or her beneficiary is to receive distribution in kind, bonds bearing the same issue dates as those credited to the employee's account will be reissued in the name of the distributee to the extent to which he or she is entitled, in any authorized form of registration, upon the request and certification of the trustee, in accordance with the governing regulations.

(2) *Definitions of terms used in paragraph (b)—related provisions.* (i) The term *savings plan* includes any regulations issued under the plan with regard to Series E bonds. A trustee desiring to purchase bonds in excess of the general limitation in any calendar year should have submitted to the Federal Reserve Bank of the district a copy of the plan, any such regulations, and the trust

agreement, all certified to be true copies, in order to establish eligibility.

(ii) The term *assets* means all funds, including the employee contributions and employer contributions and assets purchased therewith, as well as accretions thereto, such as dividends on stock, the increment in value on bonds and all other income; but, notwithstanding any other provision of this paragraph, the right to demand and receive all assets credited to the account of an employee shall not be construed to require the distribution of assets in kind when it would not be possible or practicable to make such distribution; for example, Series E bonds may not be reissued in unauthorized denominations, and fractional shares of stock are not readily distributable in kind.

(iii) The term *beneficiary* means the person or persons, if any, designated by the employee in accordance with the terms of the plan to receive the benefits of the trust upon his or her death, or the estate of the employee, and the term *distributee* means the employee, or his or her beneficiary.

§316.6 Purchase of bonds.

Series E bonds were purchased, as follows:

(a) *Over-the-counter for cash*—(1) *Bonds registered in names of natural persons in their own right only.* At such incorporated banks, trust companies, and other agencies as had been duly qualified as issuing agents.

(2) *Bonds registered in names of trustees of employee savings plans.* At such incorporated bank, trust company, or other agency, duly qualified as an issuing agent, provided the agent was trustee of an approved employee savings plan eligible for the special limitation in paragraph (b) of §316.5 and prior approval to issue the bonds was obtained from the Federal Reserve Bank of the agent's district.

(3) *Bonds registered in all authorized forms.* At Federal Reserve Banks and Branches and at the Department of the Treasury, Washington, DC 20226.

(b) *On mail order.* By mail upon application to any Federal Reserve Bank or Branch or to the Department of the Treasury, accompanied by a remittance to cover the issue price. Any form of exchange, including personal